

SEC59-B

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)

) File No. HO-13388-A

KIK INTERACTIVE)

SUBJECT: LIVE Audio Lookout bitcoin, Kik is the new
digital currency in town.avi

PAGES: 1 through 6

VIDEO TRANSCRIPTION

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<p style="text-align: center;">Page 2</p> <p>1 P R O C E E D I N G S</p> <p>2 MR. LIVINGSTON: Digital currency allows us to 3 create a fundamentally new way to monetize. I think, 4 historically, you build a community and use it to then 5 sell people's attention to advertisers or try to sell 6 them stuff that they either don't want or don't need.</p> <p>7 So now with the cryptocurrency, it unlocks a 8 fundamentally new way to monetize the community. So 9 instead you're just bringing people together, creating a 10 place where they can create value for each other 11 transacting in a new cryptocurrency, and that alone is 12 enough to make a great financial return.</p> <p>13 INTERVIEWER: What exactly are they 14 transacting? And how do you make money by people using 15 Kin.</p> <p>16 MR. LIVINGSTON: So this is something we've 17 been experimenting with, actually, since 2014 when we 18 launched Kik Points. And so there's a bunch of ways to 19 earn it. You could watch ads, you could host a great 20 group chat, create a great sticker, build a great bot. 21 And so there's all these different ways as a consumer 22 you can come in and build spend value. And how that 23 makes money for Kik is we create (inaudible) set some of 24 that aside for us such that if more and more people 25 transact in this cryptocurrency, the value of it grows</p>	<p style="text-align: center;">Page 4</p> <p>1 build great services --</p> <p>2 INTERVIEWER: Sure.</p> <p>3 MR. LIVINGSTON: -- for consumers.</p> <p>4 INTERVIEWER: It's sort of like a chicken-and- 5 egg problem, though, Ted, in that you've got a finite 6 number of users right now using Kik. A certain 7 percentage of those, a smaller percentage presumably, 8 would Kin, and because of that, because you're only 9 creating certain amounts of this cryptocurrency, the 10 trading could be -- I mean I don't know if there's going 11 be trading on this, but this could a very volatile 12 cryptocurrency. I mean we saw in the early days of 13 bitcoin where it would go up and down in crazy ways. 14 And right now bitcoin does the same, except that the 15 volumes traded on bitcoin are much, much greater than, 16 say, three years ago.</p> <p>17 MR. LIVINGSTON: So I think this was the real 18 thing we were trying to prove with Kik Points, is could 19 we create this digital economy, this digital currency 20 when, instead of having to buy the currency, you could 21 earn it. So every day, millions of people would come 22 together and earn the currency so that you've created 23 this little digital economy. People are earning it, 24 people are spending it.</p> <p>25 INTERVIEWER: So you could never transfer --</p>
<p style="text-align: center;">Page 3</p> <p>1 such that the value of our holdings grow as well.</p> <p>2 INTERVIEWER: So you have, according to a 3 usage study -- this was done, granted, in May 2016, so 4 this might be a little dated, but AYTM Market Research - 5 - 5.8 percent of U.S. internet users use Kik. 38.9 6 percent of respondents use Facebook Messenger. So is 7 this -- are you hoping that more people will sign onto 8 Kik thinking, hey, Kik's got this cool Kin currency, and 9 it's a way of transacting and making some money, and so 10 therefor I'm going to do that, and you see that 5.8 11 percent number grow?</p> <p>12 MR. LIVINGSTON: So I think this is not just a 13 new way to monetize a community, but it's also a new way 14 to compete. I think the real challenge that ourselves 15 as a top 100 app and under developers of spaces, it's 16 getting increasingly difficult to compete with these 17 huge, centralized companies. You know, they're the only 18 ones that have the necessary scale to monetize through 19 everything -- advertising. So they give everything else 20 away for free. So as a developer, you know, you don't 21 have the scale to monetize through advertising, and you 22 also live in this world where consumers expect 23 everything for free. So this is also a new way to build 24 a new ecosystem where we can use this cryptocurrency and 25 create a rewards engine to pull in other developers, to</p>	<p style="text-align: center;">Page 5</p> <p>1 MR. LIVINGSTON: So they don't really care. 2 INTERVIEWER: -- that money to dollars, and 3 so, therefore, the only way to use this money is to 4 actually transact. And so if the community is very 5 small, then your options for using that earned money are 6 limited, correct? Is that -- am I getting it?</p> <p>7 MR. LIVINGSTON: So I think the unique thing 8 about Kik is we've led innovation in the space. We're 9 the first chat to become a platform in 2011. And with 10 our bot platform, we were the first ones to launch in 11 2014. We've become one of the biggest platforms out 12 there. So over 2,000 bots have been created on Kik. So 13 we have millions of users, hundreds of thousands of 14 bots, and so we think we'll have a really thriving 15 ecosystem all running on top of this cryptocurrency.</p> <p>16 INTERVIEWER: All right, Ted. 17 (End of audio file.) 18 * * * * *</p>

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1 I, Maria E. Paulsen, hereby certify that the foregoing
2 transcript is a complete, true and accurate
3 transcription of all matters contained on the recorded
4 proceedings in the matter of KIK INTERACTIVE.

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8 Transcriber

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